

## Montgomery County budgets expected to be flat through 2014

Pay raises, spending increases appear unlikely

by Erin Cunningham | Staff Writer

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A new fiscal plan for Montgomery County predicts no spending increases at least through 2014, making pay raises for government employees and new spending unlikely.

The six-year fiscal plan, which was approved Tuesday, is believed to be the first of its kind in the county's history. It shows that even without raising employee pay, the county will have just one-tenth of a percent more money in fiscal 2012 than it did in fiscal 2011.

The county will have about 1.3 percent less money the year after that, fiscal 2013, when increased energy taxes are due to expire.

"A lot of this is based on what we can afford, not what we want to do," said Councilwoman Duchy Trachtenberg (D-At large) of North Bethesda, who chairs the council's Fiscal Management Committee.

That means that cuts made by the council to fill a \$1 billion shortfall in fiscal 2011 will remain — at least in the short term, Councilman Marc Elrich (D-At large) of Takoma Park said Tuesday.

The council approved the plan, which was recommended by Council President Nancy M. Floreen (D-At large) of Garrett Park, along with a variety of new fiscal policies proposed by County Executive Isiah Leggett (D) that were intended to shore up the county's reserve fund, repair its structural deficit and help maintain the county's AAA bond rating.

"We need to make sure that we as a county put aside more money to assist us in responding to volatile county revenue flows in lean years, especially from the income tax," Leggett said after the vote.

The vote on the six-year fiscal plan was 7-1, with Councilman Michael J. Knapp (D-Dist. 2) of Germantown opposed. Council Vice President Valerie Ervin (D-Dist. 5) of Silver Spring was absent for the vote.

The council voted 8-0 in favor of the new fiscal policies, with Ervin absent.

"It's extremely likely that compensation is going to be flat for quite some time to come," Councilman George L. Leventhal (D-At large) of Takoma Park said of the budget projections, which run through fiscal 2016.

In fiscal 2013, spending could increase 2.2 percent and in 2014, 3.8 percent, according to the projections.

"We understand the fiscal situation, but negotiations have to occur," said Gail Heath, special assistant to the president of the United Food and Commercial Workers Local 1994/Municipal and County Government Employees Organization. "It's hard to say there's no money."

The union goes back to the bargaining table in the fall, she said.

One policy the council approved Tuesday will double the county's reserve fund over the next 10 years and prevent the use of one-time money to fund recurring items, as was done in the county's fiscal 2010 budget.

The county's current policy requires a reserve fund of 6 percent of its general fund of \$3.4 billion, which officials say will be achieved by the end of fiscal 2011 next year. The new policy would raise the reserve to 10 percent.

Council President Nancy M. Floreen (D-At large) of Garrett Park said she hopes the county's new six-year fiscal plan helps the agencies and departments funded by the county know what to expect.

This year, she says, many were surprised by the large budget reductions they received.

The council members directed their comments at Montgomery County Public Schools, which accounts for 56 percent of the county budget, saying their budget requests often do not reflect what is available.

Leventhal said that agencies, including the school system, should be told how much money they have to work with before submitting a budget request. The current practice is for them to base their requests on what they received the previous fiscal year.

Leventhal said that could prevent the council from receiving a "budget that we all know is padded from the school system."

However, Knapp said he opposed the fiscal plan because it does not provide enough information to agencies and departments. He favors a plan that would tell agencies and departments how much they can expect to spend — not how much will be available in general.

